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**DWD Makes Changes to the Terms of the OIC-GM Contract for Delivery of  
W-2 Services in Milwaukee**

*OIC-GM Requests Smaller Area of Responsibility*

**Madison** – Today Wisconsin Department of Workforce Development (DWD) Secretary Roberta Gassman announced that DWD is making changes to the terms of its two-year 2004-2005 contract agreement with the Opportunities Industrialization Center of Greater Milwaukee, Inc. (OIC-GM) in the administration and the operation of the Wisconsin Works (W-2) program in Milwaukee County.

"Our first priority is making sure that W-2 participants get the services they need to make the transition to the workforce, and that taxpayer dollars are spent wisely," said Secretary Gassman. "OIC-GM has an important role to play, but we want to make sure they have the right oversight and controls in place to allow them to succeed."

DWD is making the following changes to the remainder of the 2004-2005 OIC-GM W-2 contract with DWD:

1. As of December 1, 2004, and for the balance of the current contract, the accounting firm of Virchow Krause will be retained as a fiscal agent with the responsibility for overseeing all fiscal management aspects of the W-2 program in Regions 1, 3 and 4; as fiscal agent, Virchow Krause will assist DWD with the review and approval of all W-2 and W-2 cost allocated expenses in W-2 Regions 1, 3 and 4;
2. As of December 1, 2004, and for the balance of the current contract, DWD will reallocate two DWD staff to Regions 1, 3 and 4 to increase DWD's program management oversight of all W-2 operations on site;
3. As of January 1, 2005, and for the balance of the current contract, OIC-GM will have changed W-2 responsibilities and funding:
  - OIC-GM will no longer have responsibility for the operation of the W-2 program in W-2 Region 1 or in the southeast corner of W-2 Region 4;
  - OIC-GM will continue to have responsibility for the operation of the W-2 program in Region 3;
  - OIC-GM will subcontract, from its current W-2 contract funds, with Virchow Krause for fiscal agent responsibilities in OIC-GM's continuing areas of W-2 program responsibility;

- OIC-GM will subcontract, from its current W-2 contract funds, with outside staffing agents (Victory Personnel Services, Inc. and Manpower Inc.) for assistance in successfully placing OIC-GM W-2 participants into jobs;
  - OIC-GM will continue its subcontract, from its current W-2 contract funds, with its Special Monitor to ensure that all required OIC-GM duties are properly implemented;
  - OIC-GM's current W-2 contract will be reduced in accordance with its changed areas of W-2 program responsibility during the second year of the current contract; and
  - OIC-GM will continue to implement any past and future Corrective Action Plan requirements issued to OIC-GM by DWD, including orders to reimburse DWD for all past W-2 funds inappropriately used by OIC-GM; under separate cover, DWD will require OIC-GM to reimburse DWD for all inappropriate uses of W-2 funds identified by the LAB in its November 9, 2004, review.
4. As of January 1, 2005, and for the balance of the current contract, DWD, with \$12,718,234, will contract with YW Works for the provision of W-2 program services in Region 1 and the southeast corner of Region 4; YW Works will subcontract, from its 2005 W-2 funds, with Virchow Krause for fiscal agent responsibilities in YW Works' area of 2005 W-2 program responsibility; YW Works will transition OIC-GM line staff responsible for Region 1 and the Southeast corner of W-2 Region 4 to YW Works staff.

Gassman said she was surprised to receive, late last night, a letter to Governor Doyle from OIC-GM's Chairman of the Board, Rev. Crouther, indicating that OIC-GM's board of directors had recommended discontinuing their W-2 operations in W-2 Service Region 1 and Region 4, leaving them responsibility over only Region 3. The Department had been having a dialogue with OIC-GM about Region 4 when Gassman received the letter. As a result of OIC-GM's letter, however, the Department will continue to work with OIC-GM and other entities to determine the best course of action for servicing Region 4.

"This action plan will protect the W-2 participants, the community and OIC-GM. At OIC-GM's request, and for the best interest of participants, we will be narrowing OIC-GM's areas of responsibilities so that OIC-GM can better focus on their core mission, develop better fiscal management and ensure that dollars are spent wisely," Gassman added.

Said Gassman, "OIC-GM has a long history of providing programs and services for Wisconsin's lowest paid workers. I know that they have a strong desire to help W-2 participants and want those participants to become self-sufficient with family sustaining jobs. By working closely with OIC-GM and reducing the scope of what is currently a very large contract, I know that OIC-GM can redirect their organization to build a stronger W-2 program in Milwaukee."

For the past year DWD has been aggressively monitoring OIC-GM to assure that in a time of difficult legal and personnel challenges, the agency is providing the best possible and most cost-effective employment connection services to its participants.

*Attachments - Letter received from OIC-GM Board of Directors  
 -Letter to OIC-GM Interim Director Tyrone Dumas  
 -Map of Current Milwaukee W-2 Regions  
 -Map of New 2005 Milwaukee W-2 Regions  
 -Chronology of DWD Actions with OIC*